

State level Reportable
Transactions

Amendments to Senate Bill No. 220
1st Reading Copy

Prepared by Department of Revenue

For the Senate Taxation Committee

SENATE TAXATION

EXHIBIT NO. 10

DATE 2-23-07

BILL NO. SB-220

Prepared by Lee Heiman
February 22, 2007 (6:22pm)

1. Page 2, line 28 through page 3, line 3.
Strike: ", and" on page 2, line 28 through "benefit" on page 3, line 3.
2. Page 3, line 12.
Following: "31."
Insert: "As used in this subsection, "significant purpose" has the same meaning given the term under federal tax law."
3. Page 11, line 13 through line 16.
Strike: "In" on line 13 through "shall" on line 16
Insert: "The department may not specifically identify a transaction or arrangement as a tax evasion transaction unless the department"
4. Page 11, line 17.
Strike: "consult"
Insert: "consults"
5. Page 11, line 18.
Strike: "consider"
Insert: "considers"
Following: "arrangement"
Insert: "uses some combination of the following"
6. Page 11, line 21.
Following: "investments;"
Strike: "or"
7. Page 11, line 22.
Following: "parties;"
Insert: "or
(v) was marketed to multiple investors;"
8. Page 11, line 23.
Strike: "consider"
Insert: "considers"
9. Page 11, line 25.

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Strike: "consider"
Insert: "considers"

10. Page 11, line 28.

Strike: "determine"
Insert: "determines"
Strike: "consider"
Insert: "considers"

11. Page 11, line 29 through line 30.

Strike: "reportable" on line 29 through "each" on line 30

12. Page 12.

Following: line 2

Insert: "(3) The department shall file a report with each rule proposal notice when it proposes to adopt a rule to identify a listed transaction, setting forth how it applied the criteria listed in subsection (1) in proposing to identify a transaction or arrangement as a listed transaction."

Renumber: subsequent subsection

- END -

Explanation - The purpose of these amendments is to remove the provisions that create state-level reportable transactions, to tie the definition of "significant purpose" that is used in defining tax shelters explicitly to the meaning under federal tax law, to prevent the department from identifying listed transactions unless it considers certain criteria, to add to the criteria a consideration of whether the transaction or arrangement was marketed to multiple investors, and to require the department of revenue to file a report with its rule proposal notices when it proposes rules to identify a listed transaction setting forth how it applied the criteria in proposing to identify a transaction or arrangement as a listed transaction.